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DIRECTORATE OF  
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[ South Vietnam: The major focus of Communist activity on 11 March--the 17th day of the enemy's post-Tet offensive--remained generally unchanged. Allied military positions in the provinces of III Corps north and west of Saigon and in the highlands of II Corps continued to bear the brunt of enemy pressure, with little action of significance reported elsewhere in the country.

The heaviest action in III Corps continues to center in Tay Ninh Province where several heavy ground assaults and numerous rocket and mortar attacks occurred on 11 March. For the second time in three days, battalion-sized forces suffered heavy losses--63 killed--in another abortive attempt to overrun a US Army combat base just northeast of Tay Ninh city. Southeast of this engagement, a Viet Cong company lost 74 troops killed while attempting to ambush a US convoy traveling between Tay Ninh city and Dau Tieng. Enemy activity in II Corps was concentrated on Allied special forces camps near the Cambodian border in western Kontum and Pleiku provinces. There was some step-up in attacks in the coastal provinces of central Vietnam as well.

Except for continued heavy shelling of the US Marine combat base at An Hoa, south of Da Nang, and the allied special forces camp at Tien Phuoc, near Tam Ky, the northern provinces were generally quiet on 11 March. In addition, no enemy actions were reported against allied strongpoints between lateral Route 9 and the southern flank of the Demilitarized Zone.

The major cities of Hue and Da Nang were free of enemy activity on the 11th, but several fire-fights between police - civil defense forces and small bands of Viet Cong occurred in Saigon. Some shelling and limited ground fighting developed on ]

[ the fringes of the capital's western and southern districts. None of these actions, however, developed into a significant engagement, and there is no hard evidence that they signal an impending ground attack against the heart of Saigon.

Action in the Mekong Delta was generally light and widely scattered, although a battalion-sized Viet Cong force was engaged in western Kien Giang Province and the provincial capitals of Ben Tre and Vinh Long city came under enemy mortar fire.

[ ] (Map) ]

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USSR - Communist China: Both sides continue to exploit heavily the border clash of 2 March in their propaganda.

Soviet media are maintaining the high level of attack begun on 7 March, charging that Peking staged the incident both to discomfit Moscow internationally and to unify a badly fragmented Chinese populace. One Soviet publication, citing the incident, contended that the Russians are beleaguered on all sides and called for increased vigilance by the Soviet populace. The Soviets are, however, avoiding specific comment on the territorial question.

Peking's recent statements seem designed to stress its own reasonableness and its longstanding "conciliatory" approach on disputed border areas. At the same time, it charged the Soviets with having made repeated attempts to foment trouble by intruding into Chinese territory. Peking initially acted with restraint over the demonstrations in Moscow last weekend. A brief and pro forma protest note of 7 March from the Chinese Embassy was not publicly released for two days. Yesterday, however, tightly controlled demonstrations were resumed in front of the Soviet Embassy in Peking. [redacted]

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Japan: The Japan Communist Party is calling on the Soviet Union to return the entire Kuril Island chain in anticipation of a possible general election this spring.

The Japanese Communists, since their spectacular break with Peking in 1966, have been bent on demonstrating their independence of both Peking and Moscow in order to portray themselves as patriotic Japanese. This line is calculated to appeal to growing national pride and to show that the Japan Communist Party has a flexible and positive foreign policy.

The Communists, by calling for the return of all of the Soviet-held islands as well as Okinawa, are appealing more forthrightly than ever before to Japanese irredentist sentiment. They now have taken a stronger position than either of Japan's major parties. Regarding the northern islands, the ruling Liberal Democratic Party has recently restated its demand for the return of only the southern Kurils. The chief opposition party, the Japan Socialist Party, is currently in considerable disarray, and is divided on both foreign and domestic policy.

The Communists' call for the islands' return is coupled with their traditional demand for the abolition of the US-Japan Security Treaty. The Communist statement implicitly assumes that the Soviets might finally prove willing to cede the islands back to Japan once it had become "truly independent" and was ruled by a "democratic" coalition government. The Soviets have not given evidence of any such disposition, however.

When announcing the new policy to the press, the Communist Party secretary general further attempted to underscore the party's independence of Moscow by asserting that it does not plan to attend the Soviet-supported world Communist party conference. [redacted]

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Czechoslovakia: A key part of Dubcek's original action program was achieved last week when the trade union organizations agreed to join in an association pledged to protect workers' interests.

More than 1,400 delegates to the Trade Union Congress, acting as if the Soviet occupation had not occurred, scrapped the old trade union charter and adopted a new one which will make the organization the strongest political pressure group outside the party. The trade union leaders see their mandate as a broad one--that of "enforcing" the workers' interests and keeping a watchful eye on government activities in the sphere of "human and civic freedoms." They promise in their new charter, however, that their organization will not become an opposition party and will "responsibly" channel its political activities through the National Front, the officially recognized representative body of all organizations outside the party.

Under the new system, the trade unions organization will no longer be a transmission belt for the party. The central organization will merely coordinate the activities of constituent unions whose authority to act independently has been strengthened. A liberal leadership, which has the confidence of the rank-and-file, was elected by secret ballot. If the new leaders live up to their promises, as they apparently intend to do, the state authorities could be in a difficult position, caught between the popular demands of domestic liberals on the one hand and pressure from Soviet-backed party conservatives on the other.

The Congress adopted a position at variance with the government over worker control of industrial enterprises. The government is drafting a bill on workers' councils which would give them only limited authority over management; the unions

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want more. The Congress also called on the government to hold national and local elections in the near future. After the invasion, the Soviets asked for postponement of such elections, thus leaving many conservatives in positions of responsibility.

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[redacted]

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USSR-Ecuador: The first trade agreement between the USSR and Ecuador was signed on 10 March, but no quantities or values of commodities were specified.

The agreement provides for most-favored-nation treatment. Exempt, however, are economic privileges Ecuador extends to its neighbors or special treatment granted regional economic organizations of which it is a member. The pact also calls for payment in US dollars or other convertible currencies.

The agreement climaxes several years' efforts by Ecuador to obtain new markets in Communist countries for its surplus coffee and bananas. Although the USSR was responsive to Ecuador's desire to formalize trade relations, the Soviet negotiators quickly quashed press reports that they would absorb Ecuador's banana surplus.

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Soviet trade with Ecuador, which had previously been negligible, increased dramatically last year when the USSR purchased \$11.5 million worth of cacao for hard currency, thus surpassing the US as the principal purchaser of that product from Ecuador. The USSR also bought \$2 million worth of coffee, and made its first purchases of bananas under a 1968 barter agreement providing for an exchange of \$2 million worth of bananas for Soviet agricultural machinery.

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NOTE

Egypt-Israel: Another day of fighting along the Suez Canal yesterday highlighted the Egyptian interest in keeping the situation along that cease-fire line active. An Egyptian Foreign Ministry official on 10 March commented to [redacted] that military considerations required Egypt to "escalate and extend the shooting in the canal zone." He said it was in Cairo's interest to keep world attention focused on the Middle East. President Nasir may also feel obliged to demonstrate to militant Egyptian elements and the other Arab states that Egypt is actively maintaining the confrontation with Israel, particularly in view of General Riad's dramatic death. [redacted]

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